

Service Date: March 4, 2016

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Attorneys for Montana-Dakota Utilities Co.

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF the Application of)	REGULATORY DIVISION
Montana-Dakota Utilities Co., a Division of)	
MDU Resources Group, Inc., for Authority to)	DOCKET NO. D2015.6.51
Establish Increased Rates for Electric Service in)	
the State of Montana)	
)	

MONTANA-DAKOTA UTILITIES CO.'S NOTICE OF FILING LATE-FILED EXHIBIT

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. ("Montana-Dakota"), by and through its counsel, hereby submits Late-Filed Exhibit 1 and will file Late-Filed Exhibit 2 upon the Montana Public Service Commission's ("Commission") entry of a protective order. Montana-Dakota filed its Motion for Protective Order contemporaneously with this notice.

During the hearing on February 9-10, 2016, the Commission ordered Montana-Dakota to file two late-filed exhibits:

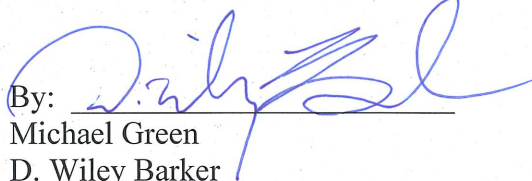
1. The January 30, 2015 letter from the Montana Department of Environmental Quality, regarding an extension of the deadline for compliance with Mercury and Air Toxics Standards rule ("DEQ Letter"); and

2. Information regarding preliminary cost modeling for compliance with the Clean Power Plan ("Preliminary Modeling Information").

The DEQ Letter is attached hereto as Montana-Dakota's Late Filed Exhibit 1. Montana-Dakota has also prepared information responsive to the Commission second request. However, the document contains confidential information, for which Montana-Dakota seeks a protective order. Once the Commission rules on the motion, Montana-Dakota will submit the Preliminary Modeling Information as Late-Filed Exhibit 2.

Dated this 4th day of March, 2016.

CROWLEY FLECK PLLP

By: 
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CERTIFICATE OF SERVICE

I hereby certify that on March 4, 2016, the foregoing Montana-Dakota Utilities Co.'s Pre-Hearing Memorandum was served via electronic and U.S. mail on:

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D. Wiley Barker



January 30, 2015

Abbie Krebsbach
Environmental Director
Montana-Dakota Utilities Company – Lewis & Clark Station
400 North Fourth Street
Bismarck, North Dakota 58501

Sent via electronic mail to Abbie.Krebsbach@mdu.com

RE: Mercury and Air Toxics Standards (MATS) Compliance Extension Request, Lewis & Clark Station

Dear Ms. Krebsbach:

On November 24, 2014, Montana-Dakota Utilities Company (Montana-Dakota) submitted a request for a 1-year compliance deadline extension from meeting the non-mercury hazardous air pollutant (HAP) metals standard for existing Electric Utility Steam Generating Units (EGU) of Title 40 Code of Federal Regulations (CFR) Part 63, Subpart UUUUU, commonly referred to as the "MATS" rule, at the Lewis & Clark Station near Sidney, Montana. Montana-Dakota provided additional information in a January 6, 2015 letter at the Montana Department of Environmental Quality – Air Resources Management Bureau's (DEQ) request. The Lewis & Clark Station EGU is capable of meeting the acid gas and mercury emissions standards of the MATS rule by the initial compliance deadline of April 16, 2015 and Montana-Dakota is not requesting a compliance extension for those standards. As the administrator of the Federal Clean Air Act in Montana and pursuant to 40 CFR Part 63.6(i)(4)(i)(A), DEQ has the authority to grant up to one additional year for an emissions source to comply with a new standard if that time is deemed necessary for the installation of pollution controls. To demonstrate compliance with the non-mercury metals standard of the MATS rule, Montana-Dakota intends to use filterable particulate matter (PM) as a surrogate as allowed for by the MATS rule. In order to achieve the PM performance necessary for demonstrating compliance with the non-mercury standard of MATS, Montana-Dakota will enhance the EGU's pollution control scrubber performance by installing a mist eliminator retrofit and sieve tray.

Montana-Dakota had originally planned on installing a new baghouse in order to achieve the desired PM control performance because preliminary research suggested that scrubber modifications alone would not be adequate. The timeline for installing a baghouse compelled Montana-Dakota to request a MATS compliance extension in early 2013. In an April 25, 2013 letter, DEQ conditionally granted this MATS compliance extension to accommodate the installation of a baghouse contingent upon the submittal of a Title V Operating Permit application to revise the permit to reflect the extension. In a May 28, 2013 letter, Montana-Dakota withdrew that request due to uncertainty about the final control technology strategy that would be installed. As the cost projections of a baghouse installation rose over time, it became less economically viable. Montana-Dakota began to explore other compliance strategies such as co-firing the EGU with natural gas and modifications of the existing scrubber. These strategies were able to improve the PM control performance but not to a level that complied with MATS. In July 2014, Montana-Dakota began working with a company

that has successfully assisted other power generating companies in retrofitting existing wet scrubbers for improved PM control performance. Based on this company's computational fluid dynamic modeling, they have provided a guarantee to Montana-Dakota of a filterable PM emission rate based on a mist eliminator retrofit and sieve tray installation that would be in compliance with MATS.

Montana-Dakota has proposed an installation schedule during the soonest available preplanned outage after equipment can be delivered in order to minimize the impact to their electric supply obligations. This outage would be in the fall of 2015. Construction would be completed by December 31, 2015. On January 14, 2015, DEQ announced its intention to conditionally approve the compliance deadline extension request in a Public Notice in the *Sidney Herald*, a newspaper of general circulation in the town of Sidney in Richland County, Montana. DEQ provided a public comment period on the proposed Title V permit conditions from January 14, 2015 to January 29, 2015. Numerous comments were received in support of granting the compliance deadline extension request and no comments were received in opposition. Montana-Dakota submitted suggested edits to the proposed conditions to more clearly identify that the extension would be for the non-mercury HAP metals emission standards of 40 CFR 63, Subpart UUUUU, using filterable PM as a surrogate for non-mercury HAP metals with total non-mercury HAP metals or individual non-mercury HAP metals as alternative equivalent standards. Montana-Dakota also sought to clarify that they consider "construction activities" to be the mechanical installation of the mist eliminator retrofit and sieve tray and that those devices would be installed by December 31, 2015 and ready to operate for optimization and adjustments to occur if necessary. DEQ concurs with the recommended edits and clarification of "construction activities".

DEQ grants Montana-Dakota's request for a compliance deadline extension for the non-mercury HAP metals emission standards of the MATS rule. As requested by Montana-Dakota, we will incorporate the terms of this extension into the forthcoming renewal of Title V Operating Permit #OP0691 for Lewis & Clark Station. The terms of this extension are as follows:

- Montana-Dakota shall complete the construction activities for the mist eliminator retrofit and sieve tray installation by December 31, 2015.
- Montana-Dakota shall notify DEQ when the construction activities for the mist eliminator retrofit and sieve tray installation are complete.
- Montana-Dakota shall comply with the applicable non-mercury HAP metals emission standards of 40 CFR 63, Subpart UUUUU no later than April 16, 2016, using filterable PM as a surrogate for non-mercury HAP metals with total non-mercury HAP metals or individual non-mercury HAP metals as alternative equivalent standards.

If you have any questions or concerns, please contact me by phone at (406) 444-2467 or by e-mail at ewarner@mt.gov.

Sincerely,



Ed Warner
Lead Engineer – Air Permitting Section
Air Resources Management Bureau

Cc: Linda Winn, DEQ, Billings Field Office